

Maintained

Hold

Price (15/02/08) €9.93

Maintained

12m target price €10.50

12m forecast returns (%)

Share price 5.7

Dividend 0.0

12m f'cst total return 5.7

Market cap €68.9m

Reuters IPTE.BR

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IPTE

4Q07 preview: Another good quarter making FY07 a record year

Forecasts and ratios

Yr to Dec (€m)	2006	2007F	2008F	2009F
Turnover	138.3	251.5	276.1	290.8
EBITDA	6.0	17.1	19.3	20.7
Net profit	1.9	9.0	9.7	10.6
Adj EPS	0.34	1.30	1.39	1.52
Adj PER (x)	29.3	6.9	7.1	6.5
Dividend yield (%)	0.0	0.0	0.0	0.0
EV/EBITDA (x)	14.2	6.0	5.2	4.5
Price/NAV (x)	2.3	1.7	1.4	1.1
ROE (%)	7.9	28.1	21.5	19.2

Source: Company data, ING estimates

News

IPTE will publish its 4Q07 results on Tuesday, after market closure. Based on a solid order book at the end of 3Q07 (€88.5m), we expect to see another quarter of robust growth yoy (+84% to €64.7m), bringing total FY07F sales to a record €251.5m, which is slightly above company guidance of €250m. According to our estimates, 2007F EPS should stand at €1.30.

IPTE results (€m)

	2006	2007F	2008F	2009F
Sales	138.3	251.5	276.1	290.8
of which				
Contract Manufacturing	88.4	192.7	204.5	216.0
Factory Automation	50.2	59.0	71.5	74.8
Consolidation Adjustments	-0.3	-0.3	0.0	0.0
EBIT	3.4	11.7	13.1	14.2
of which				
Contract Manufacturing	2.7	10.5	10.6	11.4
Factory Automation	0.7	1.4	2.5	2.8
Net profit	1.9	9.0	9.7	10.6
EPS	0.34	1.30	1.39	1.52

Source: Company data, ING estimates

Investment thesis

During 2007, IPTE has been able to benefit from a rapid integration of the Barco Electronics Manufacturing division, which has been consolidated since 1 January 2007. Not only were sales levels boosted (+82% expected yoy), but economies of scale should in our view also have resulted in a robust margin improvement of the Contract Manufacturing (CM) division. We also expect margin enhancement in the company's other business unit, Factory Automation (FA), on account of stronger operating efficiency.

Conclusion

We expect good results for 4Q07 and will closely monitor any 2008 guidance as well as the status of the order book.

At our TP, IPTE would trade at 5.4x EV/EBITDA 08 and 7.5x P/E (versus 5.1x and 7.0x respectively at current price). Taking an average of multiples over the 2008-2009 period, the company would trade at a discount of 17% to peers, which we find justified on account of a necessary liquidity discount versus larger peers. Compared to smaller caps (only listed in CM), IPTE would trade at a premium of 7%, justified by the value of the FA operations, market share expansion potential as well as a recent capacity increase of 25% in CM.

Risks: The main risks for IPTE are a lack of longer term visibility, the cyclical nature of its business operations and its high sales dependence on Barco (30%).